SaskPower International Inc.

Annual Report

December 31, 2000

Report of Management

Management is responsible for the integrity of the financial data reported by SaskPower International Inc. Fulfilling this responsibility requires the preparation and presentation of financial statements and other data using management's best judgment, estimates and Canadian generally accepted accounting policies, applied on a basis consistent with the preceding year.

Management maintains an appropriate system of internal control, which provides reasonable assurance that SaskPower International Inc.'s assets are safeguarded and that financial records are relevant and reliable.

The Board of Directors, through the Audit and Finance Committee, ensures that management fulfills its responsibility for financial reporting and internal control. The Audit and Finance Committee consists of outside directors and at regular meetings discusses audit, internal control, and financial reporting matters with management, internal auditors and external auditors. The Audit and Finance Committee has reviewed the financial statements and submitted its report to the Board of Directors.

On behalf of Management,

David Hughes
President and Chief Executive Officer
February 7, 2001

John Wright
Chairman of the Board

Auditors' Report

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the consolidated statement of financial position of SaskPower International Inc. as at December 31, 2000 and the consolidated statements of loss and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of SaskPower International Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of SaskPower International Inc. as at December 31, 2000 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

Regina, Saskatchewan
February 7, 2001

SASKPOWER INTERNATIONAL INC.
Consolidated Statement of Loss and Deficit
For the year ended December 31

	2000	1999
REVENUE (Note 4)		
Flyash sales	**$ 1,977,760**	$ 1,492,515
Consulting and contract services	**1,342,248**	852,900
TOTAL REVENUE	**$ 3,320,008**	$ 2,345,415
EXPENSES		
Business development	**11,005**	26,883
Cost of goods sold (Note 4)	**2,186,074**	1,265,305
Salaries and benefits (Note 4)	**691,432**	798,427
Administration (Note 4)	**578,314**	457,502
TOTAL EXPENSES	**3,466,825**	2,548,117
LOSS	**146,817**	202,702
DEFICIT, beginning of the year	**3,495,497**	3,292,795
DEFICIT, end of year	**$ 3,642,314**	$ 3,495,497

See accompanying notes

_____, John Wright, Chairman of the Board

_____, Donald Mintz, Director

SASKPOWER INTERNATIONAL INC.
Consolidated Statement of Financial Position
As at December 31

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash	$ 1,273,156	$ 693,465
Accounts receivable	271,463	499,957
Other	25,225	24,047
	1,569,844	1,217,469
PROPERTY, PLANT & EQUIPMENT (Note 2)		
Fixed Assets	-	3,457
Accumulated depreciation	-	3,457
Construction in Progress	14,648,658	-
	14,648,658	-
OTHER ASSETS		
Deferred Charges (Note 3)	841,081	-
	841,081	-
TOTAL ASSETS	$ 17,059,583	$ 1,217,469
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,695,332	$ 948,095
Deferred revenue	-	287,279
TOTAL LIABILITIES	1,695,332	1,235,374
LONG-TERM LIABILITIES		
Other	30,896	-
EQUITY		
Equity advances (Note 5)	-	3,477,492
Share capital (Note 5)	18,975,669	100
Deficit	(3,642,314)	(3,495,497)
TOTAL EQUITY (DEFICIT)	15,333,355	(17,905)
TOTAL LIABILITIES AND EQUITY	$ 17,059,583	$ 1,217,469

See accompanying notes

SASKPOWER INTERNATIONAL INC.
Consolidated Statement of Cash Flows
For the year ended December 31

	2000	1999
OPERATING ACTIVITIES		
Net Loss	**$ (146,817)**	$ (202,702)
Net change in non-cash working capital (Note 6)	**687,274**	537,655
CASH PROVIDED BY OPERATING ACTIVITIES	**540,457**	334,953
INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**$(14,648,658)**	-
Deferred Charges	**(841,081)**	-
Other long term liabilities	**30,896**	-
CASH USED IN INVESTING ACTIVITIES	**(15,458,843)**	-
DECREASE IN CASH BEFORE FINANCING ACTIVITIES	**(14,918,386)**	-
FINANCING ACTIVITIES		
Issue of common shares (Note 5)	**15,498,077**	-
Equity advances (Note 5)	**-**	20,408
CASH PROVIDED BY FINANCING ACTIVITIES	**15,498,077**	20,408
INCREASE IN CASH	**579,691**	355,361
CASH, beginning of year	**693,465**	338,104
CASH, end of year	**$ 1,273,156**	$ 693,465

See accompanying notes

SASKPOWER INTERNATIONAL INC.
Notes to the Financial Statements
December 31, 2000

SaskPower International Inc. (the "Corporation") was incorporated pursuant to *The Business Corporations Act (Saskatchewan)* effective September 15, 1994 and was registered in the Province of Alberta on September 10, 1999. The Corporation is a wholly owned subsidiary of Saskatchewan Power Corporation ("SaskPower").

The financial results of the Corporation are included in the consolidated financial statements of SaskPower. The Corporation contributes to the long-term success of SaskPower by diversifying its revenue base and achieving a return on investment capital by marketing SaskPower's expertise, selling flyash and investing in power projects.

As a subsidiary of a Crown corporation, the Corporation is not subject to federal or provincial income tax.

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered to be significant:

a) REVENUE RECOGNITION

The Corporation uses the percentage of completion method for long-term consulting and contract services. Other consulting and contract services are recognized when services are rendered. Flyash sales revenue is recognized on delivery.

b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost and includes materials, direct labour and allocated overhead costs. Capital expenditures include capitalized interest incurred during construction. Depreciation is calculated on a straight-line basis over the estimated service life of the related asset.

c) FOREIGN CURRENCY TRANSLATION

Transactions denominated in a currency other than Canadian dollars are translated to Canadian dollars by applying exchange rates in effect at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the Balance Sheet date. Any resulting foreign currency translation gains and losses are included in the statement of loss and deficit in the current period.

d) INTEREST IN JOINT VENTURES

The Corporation has accounted for their joint venture interests using the proportionate consolidation method.

2. PROPERTY, PLANT AND EQUIPMENT

Construction in progress pertains to the construction of a cogeneration plant of which the Corporation has a 50% interest in the joint ventures.

3. DEFERRED CHARGES

The Corporation has deferred charges that include development costs incurred for the construction of a cogeneration plant.

4. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with joint ventures and various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	2000	1999
Accounts receivable and unbilled revenue	$ 31,805	$ -
Accounts payable and accrued liabilities	442,846	632,665
Revenue - flyash sales	379,570	35,927
Revenue - consulting and contract services	444,134	15,271
Expenses - cost of goods sold	788,863	441,236
Expenses - administration	114,476	123,326

SaskPower provides certain management services to the Corporation for no consideration.

5. EQUITY

The Corporation received advances from SaskPower to form part of its equity capitalization. All advances received from SaskPower were converted to Class A common shares by December 31, 2000.

	#	2000	1999
Authorized			
Unlimited Class A non-cumulative, voting common shares			
Issued			
Class A			
Issued, beginning of the year	100	**$ 100**	$ 100
Issued during the year	18,975,569	**18,975,569**	
Issued, end of year	18,975,669	**$ 18,975,669**	$ 100

6. NET CHANGE IN NON-CASH WORKING CAPITAL

	2000	1999
Accounts receivable	**$ 228,494**	$(175,268)
Other current assets	**(1,178)**	(10,798)
Accounts payable and accrued liabilities	**747,237**	489,653
Deferred revenue	**(287,279)**	234,068
	$ 687,274	$ 537,655

7. FINANCIAL INSTRUMENTS

The carrying values of all financial instruments including cash, accounts receivable, accounts payable, accrued liabilities, and other liabilities approximate fair value.

8. JOINT VENTURES

(a) In 2000, the Corporation entered into agreements for a 50% interest in an unincorporated joint venture with ATCO Power Canada Ltd. to construct a 228-megawatt natural gas-fired cogeneration plant (the "Cory Cogeneration Station") near Saskatoon, Saskatchewan.

(b) The Corporation holds a 50% interest in Cory Cogeneration Funding Corporation ("CCFC"). CCFC was incorporated pursuant to the *Saskatchewan Business Corporations Act (Saskatchewan)* effective November 19, 1999 and was registered with the Province of Alberta on December 18, 2000.

CCFC is a special purpose company established by the Corporation and ATCO Power Canada Ltd. to borrow long-term, non-recourse debt to finance the Cory Cogeneration Project.

(c) The Corporation's interest in joint ventures for 2000 is summarized below:

Balance sheet	
Current assets	976,851
Current liabilites	842,229
Property, plant and equipment	14,648,658
Deferred charges	841,081
Long term liabilities	30,896
Statement of cash flows	
Operating activities	842,229
Investing activities	15,363,505
Financing activities	15,498,127

Current assets include cash of $976,851, which is only available for use within the joint ventures.

9. PENSION PLANS

All employees of the Corporation are members of either a defined contribution or a defined pension plan. In accordance with the terms of the defined contribution plan (Public Employees Pension Plan) and the defined benefit plan (Power Corporation Superannuation Plan), the Corporation's obligations are limited to making regular payments to the plans to match contributions made by the employees for current services.

10. COMMITMENTS

As at December 31, 2000, the Corporation had agreed to expenditures of $97,670,732 for construction materials, equipment and contracts and services not completed at that time in respect of the Cory Cogeneration Station. The facility's scheduled operational date is November 2002.

11. COMPARATIVE FIGURES

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation.